

Mayor Darrell Kerby called the special council meeting of August 22, 2006 to order at 8:00 a.m. Present for the meeting were Mayor Kerby, Council Members John Langs, Leslie Falcon, and Dave Gray, Clerk Kris Larson, City Administrator Stephen Boorman, City Engineer Mike Klaus, Water Department Supervisor Chuck Lycans, and City Police Chief Dave Kramer. Council President Russ Docherty was absent due to illness. Also present was Ted Anderson from USDA Rural Development.

The purpose of the special meeting was to award the bid for phase one of the water improvement project.

Mike Klaus spoke to Council regarding the bid. The recommendation by Welch Comer for the bid award was Bonners Ferry Builders as they were the low bidder at \$1,460,123 plus \$12,420 for add alternate #1 and \$87,660 for add alternate #2. Mike said he concurs with this recommendation. The add alternates were discussed. The backwash line replacement (add alternate #1) was part of this bid and Mike recommended having Bonners Ferry Builders do this work. The pressure reducing valve stations (add alternate #2) may be completed in house by the city and save about \$20,000 according to Mike.

Mayor Kerby said he has spoken with Jeff Beeman of Rural Development about funding. Jeff told Mayor Kerby that DEQ has fast tracked our loan application for interim financing and if we need more interim funding than what was originally approved by DEQ that we may need to jump through more hoops to get more funding. Mike said an environmental document is usually needed for DEQ funding but Bonners Ferry has a categorical exclusion according to John Tindall.

Mayor Kerby spoke regarding the electric power plant bond and borrowing from the electric fund for the district one project as well as constitutional requirements for borrowing money. He also said that if we borrow from the electric fund we pay interest at the same rate that we earn so the electric fund does not lose earnings. Mayor Kerby said if we do not pay off the \$250,000 we borrowed for the district one line that our bonding authority for the water bond will be reduced by this \$250,000. The group discussed the reserve amount that must be set aside for a loan with Rural Development. Rural Development has authorized another \$500,000 in loan proceeds for the City in case we should need additional funding for our projects.

Rick Alonzo joined the meeting at 8:15 a.m.

Mike will speak to John Tindall and Bruce Jerrell from DEQ concerning the requirements of the environmental documentation.

John Langs moved based upon Welch Comer's and the City Engineer's recommendations to award the bid for phase 1 of the water improvement project and add alternate #1 (replacement of the backwash line) to Bonners Ferry Builders. Leslie Falcon seconded the motion. The motion is subject to the funding agency's approval. The motion passed – John Langs “yes”, Leslie Falcon “yes”, Dave Gray “yes”.

Dave Gray inquired about add alternate #2 (pressure reducing valve stations). Mayor Kerby said we will need to consult with our attorney but if it is done with city labor that would not be a problem. Stephen said the one issue with this portion of the project would be that the city does not have a piece of equipment large enough to set the vault that will be needed. City staff will review this and come back to council with a recommendation. Leslie inquired about administration of add alternate #2. Mike would probably do this project management himself.

There being no further business the meeting adjourned at 8:33 a.m.

The meeting reconvened at 8:35 a.m.

Chuck Lycans spoke to Council regarding the residential meter installation project. He said there are about 13 commercial businesses that can come under the meter project. His question is whether the City wants to install these meters under our project. Stephen said in the past the businesses have incurred the entire cost for their commercial meter installations and now the meters could be installed at a savings of 75 percent due to the funding being appropriated to the City by the Corps of Engineers. Leslie said all people should be treated the same. John Langs said he is one of the businesses that is not metered and he wants this noted in the minutes, as he will not take part in the discussion. Leslie said the City Cemetery is not metered and it may become an issue. Stephen said the cemetery is a non-profit entity and it may not be an issue. Stephen said the Baxter Street line upgrade will be part of the meter project. Mayor Kerby inquired about the read devices being installed on the north and south areas. Stephen said this may not qualify under the Corps project. Dave Gray said this must be made fair and equitable. Stephen said the rates are punitive for non-metered services. Leslie inquired if one meter could be installed for more than one service. Chuck said each service should be metered separately. The group is concerned about subsidizing some customers but not all. The commercial meter issue will be put on the next agenda.

The meeting adjourned at 8:47 a.m.

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Darrell Kerby, Mayor

Attest:

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Kris Larson, City Clerk

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